

# 2011 Document Retention & ERO Paper Flow

## October 21, 2011

### Summary

This document provided the new AARP Foundation Tax-Aide policy on document retention and the IRS paper flow requirements for the 2011 tax year.

### 2011 Site and ERO Document Retention

**The IRS and several states have eliminated most of the required document retention this year for VITA/TCE tax preparers.**

The IRS no longer requires the retention and submission of the Form 8879 and supporting income documents, W-2s, W-2Gs and 1099Rs. All States that previously required document retention, except for Georgia have also eliminated these requirements for volunteer Tax preparers. Georgia has been asked by the IRS to waive the retention requirement, but have not yet agreed.

### New AARP Foundation Tax-Aide Policy

To take advantage of the reduced IRS document retention requirements and further reduce the potential for the loss of taxpayer identity, AARP Foundation Tax-Aide has established the following policy:

**Sites or EROs will not keep any forms or documents with taxpayer identity and/or SSN number on the document. W-2s', 1099s', Form 8879, etc. will no longer be retained at the site or by the ERO, unless it is mandated by the IRS or a State. i.e.: Form 8453 if used for mailing documents to support a return, may still be retained until mailed to IRS.**

This new policy will require that many sites will need to revise the procedures that were previously used to track and identify returns that are ready to be e-filed. These are recommended procedures that can be used to insure returns are complete and filed in a timely manner.

- Use the **Returns Stage** feature that is in both TWO and the Desktop version of the TaxWise software to track the status of each return.
- Also use the **Activity Reporting, QR & ERO Tracking Log** to gather your Activity Reporting stats and track the returns for the ERO.
- Optionally, a **Client Letter** can be used to identify completed returns, but cannot contain a Taxpayer SSN.
- To minimize the potential for rejects caused by mismatched Taxpayer SSNs and EINs, both counselors and QR volunteers need to make an extra effort to insure the number are correct when the return is prepared.

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### **2011 ERO Paper Flow Requirements** *(These requirements are shown in the IRS PUB 3189)*

**Form 8453** – This form is the transmittal document for other forms and documents that support a tax return. When used, two copies of this form and the documents it is used to submit must be kept. These are the documents that most commonly require the Form 8453. *(A complete list of other forms and supporting documents that require an 8453 is listed on the form):*

- Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes (or equivalent contemporaneous written acknowledgement)
- Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents (or certain pages from a post-1984 pre-2009 decree or agreement, see instructions)
- Schedule D-1, Continuation Sheet for Schedule D (Form 1040) (or a statement with the same information), if you elect not to enter all details of capital gain (loss) transactions into TaxWise. *Be sure to check the box on TaxWise Schedule D if using this option.*
- Form 2848, Power of Attorney (or any POA used to sign the return)

**One copy of these documents must be mail to the IRS Austin Service Center (*within 3 days of return acceptance*)**

- USE PRE-PRINTED LABEL – Doc 9282E, Cat No. 33261H which will be provided by your SPEC office.
- If you want a return receipt for the mailing, use Document Transmittal Form 3210 addressed to the Austin Center (2 copies). **Use of Form 3210 for Forms 8453 to Austin is optional.**

**These additional documents must be mailed at the end of the tax season to your State's IRS SPEC Office:**

- **For each return accepted by the IRS, these attachments, if used:**
  - Form 8453 (second copy) and all of its attachments (see above)
  - Form 2120, Multiple Support Declaration
  - “any other supporting documents not included in the electronic return data”
- **For TaxWise Desktop only,**
  - All TaxWise Federal Acknowledgement Reports
  - A complete TaxWise backup of all transmitted returns (on CD or flash drive).
- USE A PRE-PRINTED LABEL – Doc \_\_\_\_\_, Cat No. \_\_\_\_\_ which can be obtained from your SPEC Office. These labels do not require postage.

**NOTE: Documents can be mailed more often to minimize the potential for loss or theft.**

